

Message Text

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ACTION OPIC-12

INFO OCT-01 ARA-16 ADP-00 EB-11 AID-20 TRSE-00 CIAE-00

INR-10 NSAE-00 RSR-01 /071 W
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P R 241615Z AUG 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 6811

INFO AMEMBASSY LA PAZ

UNCLAS LIMA 6219

E.O. 11652: N/A

TAGS: EFIN, EAID, BL

SUBJ: ANDEAN PACT: FINANCING BOLIVIAN PREFEASIBILITY
STUDY

REF: A. STATE 167173; B. LIMA A-216, C LIMA 5700, D. LIMA A-221

1. SUMMARY: ASSISTANCE MODUS OPERANDI PROPOSED BY OPIC (REFTEL A) SHOWS GREAT PROMISE, BUT IS NOT APPLICABLE TO SPECIFIC PROJECT PRESENTED IN REFTTEL C. DISTINCTION MUST BE MADE BETWEEN PREFEASIBILITY (PLANNING) STUDIES OF JUNTA AND PROJECT IMPLEMENTATION STEPS OF ANDEAN DEVELOPMENT CORPORATION (CAL). ACTION REQUESTED: REACTION WOULD BE APPRECIATED BY AUGUST 31, PRIOR TO REGIONAL INTEGRATION OFFICER'S TDY AWAY FROM LIMA, ON ASSISTANCE REQUESTS PRESENTED IN BOTH REFTTEL C AND REFAIR D. END SUMMARY.

2. OPIC'S POSITIVE APPROACH GREATLY APPRECIATED BY JUNTA. HOWEVER, CONDITIONAL REPAYMENT CLAUSE NOT POSSIBLE TO INCLUDE IN THIS PARTICULAR PROJECT.

3. GLOBAL ASSISTANCE PROPOSAL (REFAIR B) DIVIDES RECIPIENTS INTO JUNTA AND CAF. JUNTA NEEDS EXPERTISE TO MAKE ITS PROGRAM PROPOSALS TO THE MEMBER GOVERNMENTS AS SOUND AND REALISTIC AS POSSIBLE. THESE PROPOSALS COVER MAINLY PLANT ASSIGNMENTS UNDER SECTORAL PROGRAMS
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OF INDUSTRIAL DEVELOPMENT AND RATIONALIZATION PROGRAMS

FOR EXISTING INDUSTRY. CAF NEEDS EXPERTISE AT IMPLEMENTATION LEVEL TO DEEPEN FEASIBILITY ANALYSIS OF SPECIFIC PROJECTS AFTER POLITICAL DECISION REGARDING PLANT ASSIGNMENT OR RATIONALIZATION STEPS ALREADY REACHED. CONDITIONAL REPAYMENT PROVISION COULD PROBABLY BE APPLIED TO CAF PROGRAMS, BUT NOT TO JUNTA STUDIES.

4. REGARDING SPECIFIC JUNTA REQUEST OUTLINED IN REFTEL C, PERUVIANS HAVE INFORMAL ADVICE FROM GERMAN BAYER OFFICIALS THAT LOCATION OF BOLIVIAN-PERUVIAN JOINT PETROCHEMICAL COMPLEX ECONOMICALLY MORE FEASIBLE AT SEALEVEL LOCATION ON PERUVIAN COAST. BOLIVIANS REPORTEDLY ARE ASSURED BY U.S. COMPANY OR COMPANIES THAT ALTIPLANO LOCATION AT DESAGUADERO ALSO PERFECTLY FEASIBLE. JUNTA URGENTLY WANTS OBJECTIVE ANALYSIS FROM STANFORD RESEARCH INSTITUTE. STUDY WOULD ONLY COVER COST FACTOR OF PETROCHEMICALS PRODUCTION AT HIGH ALTITUDE. TEXT OF SRI PROPOSAL TO JUNTA WAS POUCHED TO RICHARD CRISLER, LA/DR.

5. WITHIN THIS FRAMEWORK, PLEASE CABLE BY AUGUST 31 WHETHER TECHNICAL ASSISTANCE REQUESTS REFTEL C AND REPAIR D COULD BE FAVORABLY CONSIDERED. BOTH HAVE HIGH PRIORITY IN JUNTA AND ALSO FIT WITHIN OVERALL PROGRAM PROPOSAL SUBMITTED IN REPAIR B. BARNEBEY

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